

## Message Text

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ORIGIN ARA-10

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 EB-07 INR-07 NSAE-00 FAA-00 SS-15 NSC-05 L-02

PA-01 USIA-06 PRS-01 SP-02 AID-05 XMB-02 TRSE-00

OMB-01 /079 R

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LA:DR - MR. BREEN

ARA:NC:V - MR. SONANDRES

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P R 122240Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY BRIDGETOWN PRIORITY

INFO AMEMBASSY CARACAS

AMEMBASSY PORT OF SPAIN

AMEMBASSY OTTAWA

AMEMBASSY GEORGETOWN

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E.O. 11652: N/A

TAGS: EAIR, ETRN, XL

SUBJECT: LEEWARD ISLANDS AIR TRANSPORT (LIAT)

REF: BRIDGETOWN 0152 AND PREVIOUS

1. WE APPRECIATE EMBASSY'S DETAILED REPORTS ON THE TROUBLES OF LIAT AND ITS PROSPECTS FOR THE FUTURE. LIAT'S COLLAPSE WOULD CLEARLY HAVE THE MOST SERIOUS ECONOMIC CONSEQUENCES FOR THE ASSOCIATED STATES.

2. WE NOTE WITH INTEREST THE CARIBBEAN DEVELOPMENT BANK'S CONSIDERATION OF THE PLEA FOR SUPPORT OF LIAT

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FROM THE GOVERNMENTS OF THE ASSOCIATED STATES. A DE-

CISION BY THE BANK TO SUPPORT LIAT WOULD BE SOMEWHAT OUTSIDE THE BANK'S ORDINARY BUSINESS BUT PERHAPS COULD BE JUSTIFIED IN DEVELOPMENTAL TERMS. SHOULD THE BANK DECIDE TO BAIL OUT THE TROUBLED CARRIER WITH A SUBSTANTIAL LOAN THE VENEZUELAN GOVERNMENT WOULD APPEAR THE OBVIOUS GUARANTOR, ESPECIALLY IN VIEW OF THE FACT THAT THE GOV'S SHORT TERM LOAN AT HIGH INTEREST WOULD BE ONE OF THE OBLIGATIONS WHICH THE BANK WOULD BE PAYING OFF. THERE IS NO PROSPECT, OF COURSE, THAT THE USG WOULD GUARANTEE ANY BANK LOAN TO LIAT.

3. WE ASSUME THE GOVERNMENTS OF THE ASSOCIATED STATES, THE GOB AND THE CDB HAVE GIVEN THOUGHT TO APPROACHING THE GOV FOR LONGER-TERM FINANCING. DO YOU HAVE ANY

INDICATION OF HOW THESE VARIOUS PARTIES AT INTEREST LOOK ON THE POSSIBILITY OF VENEZUELAN INVOLVEMENT IN LIAT'S FUTURE? DO YOU KNOW IF THEY HAVE TAKEN ANY SERIOUS SOUNDINGS WITH THE GOV?

4. FOR CARACAS: IF THE GOV IS INTERESTED IN SUPPORTING DEVELOPMENT IN THE EASTERN CARIBBEAN, A HELPING HAND TO LIAT WOULD BE A GOOD BEGINNING. DO YOU THINK ENCOURAGEMENT FROM US WOULD BE USEFUL? INGERSOLL

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## Message Attributes

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**Concepts:** REPORTS, CIVIL AVIATION, AIRLINES  
**Control Number:** n/a  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Previous Handling Restrictions:** n/a  
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